

**WEST VALLEY SCHOOL DISTRICT NO. 363**  
**Spokane County, Washington**  
**September 1, 1994 Through August 31, 1995**

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**Schedule Of Findings**

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1. The District Should Monitor Associated Student Body (ASB) Activities And Ensure That State Laws And The School Accounting Manual Are Followed

Our review of the district's ASB funds identified the following internal control weaknesses at the junior high and high school:

- a. Cash receipts are not issued when cash is collected. Therefore, there is no accountability established when the district receives money. The collections are not deposited timely. On the date of our testing, there were three days of cash receipts on hand at the junior high school.
- b. There is an inadequate segregation of duties. The person responsible for collecting money is also responsible for accounting for the money. There is also no management oversight which is a critical internal control when inadequate segregation of duties exist.
- c. Internal controls are not adequate over most fund-raising activities. The district is unable to provide evidence that all fund-raising money collected went to the ASB.
- d. Expenditures were made from the ASB Fund without obtaining adequate supporting documentation.
- e. The junior high school student store does not control inventory, nor is there independent review of sales. There is also inadequate segregation of duties. The ASB advisor performs all of the functions of cash receipting and accounting for the money collected.

*Washington Administrative Code (WAC) 392-138-035 states in part:*

All associated student body moneys, upon receipt, shall be transmitted intact to the district depository bank and then to the county treasurer for deposit to the credit of the "associated student body program fund" of the school district . . . .

*Accounting Manual for Public School Districts in the State of Washington, Chapter III, Sec. G-4, page 7, states in part:*

Supporting documentation must be retained and either attached to the vouchers or canceled by the auditing officer to prevent reuse.

When weak internal controls exist it increases the likelihood that money will be lost or stolen and not be detected in a timely manner, if at all.

We noted marked improvements at the high school over the ASB internal control activities. However, these improvements were not noted district wide. The district management has not ensured that established policies and procedures are properly followed by all schools.

We again recommend that the district strengthen policies and procedures over ASB activities.

2. Coordination Of Enrollment Reporting Between The District And The Spokane Skills Center Should Be Improved

The district is a member of the Spokane Skills Center cooperative. The Spokane Skills Center is a cooperative involving eight Spokane area school districts. Spokane School District No. 81 operates the half-day programs which offer high school students a variety of occupational courses. Our comparison of the district and the Spokane Skills Center enrollment reports revealed that students were overclaimed. Students were claimed in combination by Spokane School District No. 81 and the skills center up to 1.6 full-time-equivalent on monthly enrollment reports submitted to the Superintendent of Public Instruction (SPI).

*Washington Administrative Code (WAC) 392-121-136 states in part:*

. . . no student, including a student enrolled in more than one school district, shall be counted as more than one full-time-equivalent student on any count date or more than one annual average full-time-equivalent student in any school year . . . .

WAC 392-121-122 defines full-time-equivalent for students in grades 7 through 12 as 25 hours each week, or 5 hours (300 minutes) each scheduled school day.

Students exceeded one full-time-equivalent because enrollment reporting was not coordinated between the district and the Spokane Skills Center.

Since SPI uses the monthly enrollment reports as a basis for state funding, the district may have been overpaid. We were unable to estimate the amount due to the apportionment formulas applied by SPI.

We recommend the district, in cooperation with the Spokane Skills Center, implement written policies and procedures to ensure monthly enrollment reporting complies with statutes. We further recommend the district contact SPI to determine the amount of any repayment required.

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**Schedule Of Federal Findings**

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1. The District Should Accurately Report Special Education Enrollment To The Superintendent Of Instruction

The district does not have an adequate internal control system to ensure that only eligible students are included on the Monthly Report of School District Special Education Enrollment (P-223H report) submitted to the Superintendent of Public Instruction (SPI). During our audit of the district's special education enrollment reporting system, we found the district included ineligible students on the P-223H report. Our testing found that the district reported nine ineligible students out of 135 students records tested. These ineligible students were included on the P-223H report which is used to allocate state apportionment money. This system of reporting special education has not materially changed since 1988.

We selected 135 of the students on the district special education enrollment report for December 1994 and traced them back to the student files. Of the 135 files tested, we found nine full-time-equivalent (FTE) ineligible students overreported to SPI during the 1994-95 school year which represents 6.7 percent error rate. We have projected the amount of overpayment the district has received from SPI by multiplying this percentage (6.7 percent) times the total amount of federal money received during fiscal year 1994-95. As a result, we question \$11,270 of federal special education money (CFDA 84.027). We did not question federal costs related to money received in the preceding fiscal years. This is a result of SPI's resolution of questioned costs at other school districts with this finding. However, the same condition existed in the preceding fiscal years at this district. Due to the apportionment formulas used by SPI, we were unable to project, accurately, the overpayment of state special education funding the district received.

The *Washington Administrative Code* (WAC) 392-171 defines the criteria which must be met in order for a student to be included on the Form P-223H report.

Additionally, the SPI Administrative and School Business Services Bulletin No. 36-94, Section V, Part L., Documentation of Enrollment for Audit, states in part:

Enrollment reporting errors found in an audit generally require revised reports and adjustments to state apportionment . . . .

By reporting ineligible students in the P-223H report, the district has received excess state and federal funding for which they were not entitled.

The district's management does not have an adequate system for adjusting their special education enrollment reports to remove identified ineligible students.

We recommend the district contact the federal Department of Education and SPI to determine the amount of repayment required. We further recommend that only eligible special education students be reported to SPI.